

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

Docket No. 2015-424-E

IN RE:)
)
JAMES D. HOPKINS,)
)
COMPLAINANT,)
)
v.)
)
DUKE ENERGY CAROLINAS, LLC,)
)
RESPONDENT.)
)
)

DIRECT TESTIMONY OF

KEITH BONE

ON BEHALF OF DUKE ENERGY CAROLINAS, LLC

1 **Q. PLEASE STATE YOUR NAME, ADDRESS, AND POSITION WITH DUKE**
2 **ENERGY CAROLINAS, LLC.**

3 **A.** My name is Keith Bone. My business address is 526 South Church Street, Charlotte,
4 North Carolina. I am Director of Insurance & Claims for Duke Energy Carolinas, LLC
5 (referred to hereinafter as “Duke Energy Carolinas” or the “Company”). I have
6 responsibility for assisting in the placement of insurance coverages for Duke Energy
7 Corporation and managing its claims.

8 **Q. PLEASE STATE BRIEFLY YOUR EDUCATION AND PROFESSIONAL**
9 **EXPERIENCE.**

10 **A.** I am a graduate of North Carolina State University. I joined Duke Power Company (now
11 known as Duke Energy Carolinas) in 1979, and since 1999 I have held various positions
12 in the Insurance & Claims Department. My current position is as the Director of
13 Insurance and Claims. I have not testified before the Public Service Commission of
14 South Carolina (“PSCSC”) and the North Carolina Utilities Commission (the “NCUC”).

15 **Q. ARE YOU FAMILIAR WITH THE COMPLAINT FILED BY JAMES D.**
16 **HOPKINS?**

17 **A.** Yes. I have reviewed the documents received and maintained in the ordinary course of
18 business by Duke Energy Carolinas. I am familiar with the records of Duke Energy
19 Carolinas that pertain to Mr. Hopkins’ account. I have reviewed the information Mr.
20 Hopkins submitted to the Commission on his current insurance policy. As to the records
21 and information discussed in my testimony, I know them to be true of my own
22 knowledge or I have gained knowledge of them from the business records of Duke

1 Energy Carolinas, which were made at or about the time of the events, recorded, and
2 which are maintained in the ordinary course of business by Duke Energy Carolinas.

3 **Q. WHAT IS THE NATURE OF MR. HOPKINS' COMPLAINT?**

4 **A.** Mr. Hopkins filed the complaint because his application to interconnect his residential
5 solar generation system with Duke Energy Carolinas' system was rejected because his
6 liability insurance coverage contained an annual aggregate limit.

7 **Q. PLEASE DEFINE "ANNUAL AGGREGATE LIMIT."**

8 **A.** An "annual aggregate limit" is the maximum amount than an insurer would pay for a
9 series of losses in one year.

10 **Q. PLEASE EXPLAIN THE TERMS OF MR. HOPKINS' POLICY IN REGARD TO**
11 **HIS LIABILITY COVERAGE.**

12 **A.** According to the documents Mr. Hopkins submitted, his policy has personal liability
13 coverage of \$300,000 maximum for each occurrence. His policy also includes an
14 "aggregate annual limit" of three times this coverage.

15 **Q. IS THE "PER OCCURRENCE" LANGUAGE IN MR. HOPKINS' POLICY THE**
16 **REASON HIS APPLICATION WAS REJECTED?**

17 **A.** No, the interconnection standard requires at least \$100,000 per occurrence in liability
18 insurance coverage. He has \$300,000 per occurrence. It is the "annual aggregate limit"
19 condition which caused his interconnection application to be rejected. In Section II –
20 Conditions, Item 2, "Annual Aggregate Limit," his policy provides

21 Our total liability under Coverage E and Coverage F for all incurred
22 damages resulting during a policy period will not be more than three

1 times the respective limit of liability for these coverages as shown in the
2 Declarations.

3 The approved interconnection standard does not limit the amount of coverage during the
4 year for multiple claims.

5 **Q. DO ALL SOUTH CAROLINA INSURANCE POLICIES CONTAIN AN ANNUAL**
6 **AGGREGATE LIMIT?**

7 A. No, Ms. Yarbrough provided sample declaration pages from South Carolina customers
8 who have homeowners' insurance coverage that does not include an annual aggregate
9 limit on liability coverage.

10 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN POLICIES WITH AN**
11 **ANNUAL AGGREGATE LIMIT AND THOSE THAT DO NOT INCLUDE AN**
12 **ANNUAL AGGREGATE LIMIT.**

13 A. Mr. Hopkins' insurance policy has a \$300,000 per occurrence liability limit with an
14 annual aggregate limit of three times his coverage. Therefore, there are two limits in his
15 policy. One is the "per occurrence" limit of \$300,000, and the other is the maximum
16 amount of liability coverage during one year which is \$900,000. If he had multiple claims
17 during the year for over \$300,000 each, then once he reached the \$900,000 limit, he
18 would have no more liability coverage.

19 On the other hand, if Mr. Hopkins' policy had a \$300,000 per occurrence limit and no
20 annual aggregate limit, that policy covers the liability of the homeowner for up to
21 \$300,000 for each claim. If he had multiple claims during one year, it would not limit the
22 number of claims. For example, if there were five claims of \$300,000 each, all five
23 claims would be covered.

1 **Q. WHY IT IS IMPORTANT TO NOT LIMIT THE NUMBER OF CLAIMS FOR**
2 **LIABILITY PURPOSES FROM DEC'S PERSPECTIVE.**

3 A. There could be an occurrence unrelated to this interconnect that could erode all or part of
4 the annual aggregate leaving any liability related to the interconnect uninsured until the
5 next policy period.

6 **Q. IS AN INDIVIDUAL CONSUMER COMPLAINT CASE THE APPROPRIATE**
7 **FORUM TO CHANGE A STATEWIDE INTERCONNECTION STANDARD**
8 **THAT APPLIES TO ALL INVESTOR OWNED ELECTRIC UTILITIES?**

9 A. No, the Interconnection Standard provides a unified, consistent set of interconnection
10 criteria for safety and reliability. It was jointly developed by the South Carolina investor
11 owned utilities in collaboration with the S.C. Office of Regulatory Staff. Revisions to
12 statewide standards should be part of the collaborative effort of all utilities.

13 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

14 A. Yes, it does.